

VALECHA

Engineering & Contractors

ANNUAL REPORT 2001-2002

VALECHA ENGINEERING LIMITED

VALECHA ENGINEERING LIMITED

Board of Directors

V. P. Valecha — Chairman
 J. K. Valecha — Managing Director
 R. H. Valecha — Executive Director
 M. L. Valecha — Executive Director
 S. N. Kavi — Executive Director
 K. R. Thakur
 Anil Harish
 Alka Bharucha

Management Team

A. B. Gogate — President - Projects
 A. D. Nayak — General Manager - Marketing
 Dori Lal — General Manager - Contracts/Operations
 K. S. Shetty — Dy. General Manager - Accounts & Finance
 P. H. Valecha — Senior Executive
 D. H. Valecha — Senior Executive
 U. H. Valecha — Senior Executive

Company Secretary

Kavita Valecha Sharma

Auditors

M/s. D. M. Jani & Co.
 Chartered Accountants

Bankers

State Bank of India
 Canara Bank
 Saraswat Co-operative Bank Ltd.
 UTI Bank Ltd.

Solicitors

M/s. Amarchand & Mangaldas &
 Suresh A. Shroff & Co.
 Kirit Damania & Co.

Registrars and Transfer Agents

Nucleus Net Soft & GIS India Ltd.
 “Nucleus House”, Saki Vihar Road,
 Opp. L & T, Gate No.7,
 Powai, Andheri (East), Mumbai-400 072.
 Tel : 857 0334/857 8927 Fax : 857 8352

Registered Office

“Valecha Chambers”, 4th Floor,
 Plot No. B-6, Andheri New Link Road,
 Andheri (West), Mumbai-400 053.
 Tel : 639 3335/6324227/6361882 Fax : 633 8001
 E-mail : valeng@bom3.vsnl.net.in

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THE COMPANY

Valecha Engineering Limited is a professionally run Infrastructure specialist having an average of 22.39% growth in the last 5 years and having a return on the Capital employed of 20.10% and impeccable track record of profit earning and consistent Dividend payout, employing the State of Art Plant in Construction Industry to Progress ahead. What was started as an almost family concern has blossomed today into a professionally run high-tech, quality conscious and reliable construction firm helping the nation build assets for the nation and its people. It ranks as a force to be reckoned with the best known construction firms in the country.

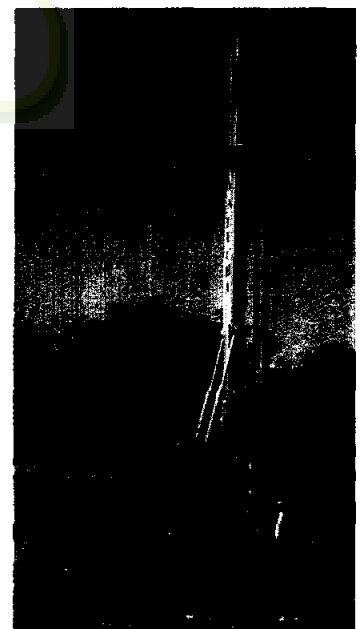
THE PEOPLE

The secret of the rapid and sustained success of Valecha Engineering Limited lies in the judicious mixture of the virtues of a family concern ensuring honesty, hard work, reliability, informality and mutual affection with the virtues of a professionally managed concern promising discipline, pragmatic and practical outlook, equal opportunities to all for progress and a reward for efficiency and performance, Valecha Engineering has achieved this unique mix where the professionals consider themselves as members of a large family and the scions of the family rely on academic qualification and experience gained in hard and demanding school of life.

The core team of VEL comprises of 8 General Managers, 12 Project Managers, 20 Sr. Engineers and 30 Middle level and junior engineers supported by head office team. Together they constitute a complementary team comprising persons with long experience and young qualified go-getters with high aspirations and energies.

PLANT AND MACHINERY

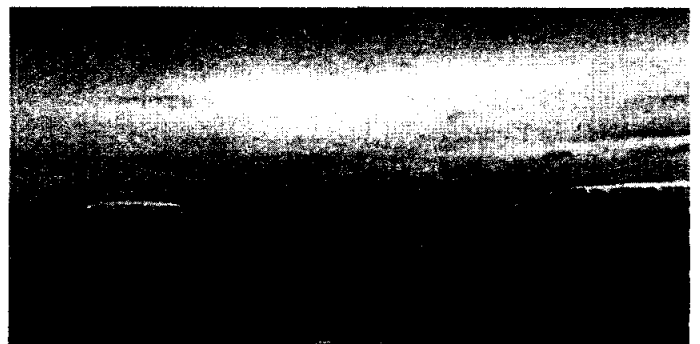
The Construction Industry has witnessed a sea change in the methods of construction over the last decade. Gone are the days of huge armies of labourers augmented by a rudimentary fleet of mechanical equipment toiling for long periods to achieve even a modest target. Today's construction demands a well trained labour force, backed by a state of the art fleet of mechanized equipment, capable of turning out a high quality product at fast pace. Valecha Engineering has foreseen this development and invested heavily in State of the art high tech powerful machines demanded by the modern times. We already have machinery like large (300T per Hr) Capacity Mobile Crushers, Asphalt Batch mix plant, Hydraulic Rotary Piling RIGS, Concrete Pavers, WMM Plants, Vibratory Rollers, Excavators, Mobile Cranes, etc. With the above equipment Valecha Engineering Limited would be able to prequalify successfully for HIGHWAY and BRIDGES opportunities ahead.



THE PROJECTS

Valecha Engineering Limited has over the years carved out a niche for itself as specialists in the construction of infrastructure development projects in different fields such as highways, bridges, flyovers, tunnels, irrigation and water supply, dams, canals, water supply schemes, storage reservoirs and so on. Apart from infrastructure projects, they have also diversified into real estate and foundation engineering.

Successfully completed projects are a show case for any engineering company. Our show case is replete with a plethora of prestigious projects – The Kasheli Tunnel for Mumbai's water supply, the Ghatkopar tunnel for sewage disposal, the tail race tunnel for the Pench Hydroelectric Power project, Bridges and tunnels for the Konkan Railway project, flyover bridge at Borivali in Mumbai, Dimapur Airport in Nagaland to name a few. Recently the Company has been awarded a large Prestigious Expressway Contract of 4 Laning of Satara Kolhapur and execution of NHAI 4 Laning Expressway Contract in Assam, Guwahati is progressing fast.



THE SHAREHOLDERS

Valecha Engineering Ltd. has always worked to ensure that the wealth of their shareholders is continuously increasing. Our shares are quoted and traded on the bourse of The Stock exchange, Mumbai and OTC Exchange of India. Although their values have fluctuated in tandem with the mood of the share market, their value has not eroded to any alarming extent even during the toughest period of the last few years in comparison to the other corporate entities. We have rewarded our investors with adequate dividends without a break from the very first year of incorporation. The shares are

available in the demat form with the C.D.S.L., and the N.S.D.L. Our shareholders are generally a satisfied lot which is evident from the fact that there is not a single complaint lodged against the company with the SEBI.

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VALECHA ENGINEERING LIMITED**NOTICE**

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of VALECHA ENGINEERING LIMITED will be held on Wednesday, the 25th September, 2002 at 4.00 p.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubhash Marg, Mumbai - 400 001, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2002, the Balance Sheet as at that date and the Reports of Directors and the Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. R. H. Valecha who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anil Harish who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 including statutory modifications or re-enactments thereof, the Articles of Association of the Company be and are hereby altered in the manner and to the extent as follows :

- (i) After Article 14 (vii) of the Articles of Association of the Company, add the following new Article as Article 14 (viii):

"Subject to the provisions of Section 86 of the Act, the new shares may be issued with differential rights as to dividend, voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed."

- (ii) After Article 78 of the Articles of Association of the Company, add the following new Article as Article 78A preceded by the heading "Postal Ballot" :

"78A. Subject to the provisions of the Act and of these Articles, the Company may and in the case of such business as the Central Government may, by notification, from time to time declare to be conducted only by postal ballot, shall, get any resolution passed by means of a postal ballot instead of transacting the business in general meeting, and if the resolution is assented to by a requisite majority of shareholders by means of a postal ballot, it shall be deemed to have been duly passed at a general meeting convened in that behalf."

- (iii) In Article 123 of the Articles of Association, after words and figures Section 205A, add the words and figures, "205B & 205C"

- (iv) After Article 130(b) of the Articles of Association of the Company, add the following new Article as Article 130(c):

"The Board shall also include in the Report of the Board of Directors a Directors' Responsibility Statement confirming that the applicable accounting standards have been followed in preparation of annual accounts with proper explanation with respect to material departure, if any, reasonability and prudence in selection of accounting policies and consistent application thereof, proper and sufficient care has been taken for maintenance of adequate accounting records to safeguard the Company's assets and prevention and detection of fraud and other irregularities and that the accounts have been prepared on a going concern basis pursuant to the provisions of the Section 217(2AA) of the Act."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that pursuant to the applicable provisions of the Companies Act, 1956 and Article 124, 125, 126 and 127 of the Articles of Association of the Company and subject to the Guidelines issued by the Securities & Exchange Board of India (SEBI) and such other approvals, permissions and sanctions as may be necessary and subject further to such terms, conditions, alterations, modifications, changes and variations as may be specified while according such approvals which the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof) be and is hereby authorised to accept, if it thinks fit, and the Company be and is hereby authorised to capitalise upto Rs. 1,50,00,000 out of 'Reserves and Surplus' and transfer to Share Capital Account towards issue and allotment of 15,00,000 Equity Shares of Rs.10 each as Bonus Shares credited as fully paid-up, to members of the Company holding Equity Shares of Rs.10 each whose names appear on the Register of Members of the Company on the Record Date as the Board may determine in that behalf in the proportion of One new fully paid-up Equity Share of Rs.10 each for every Two Equity Shares of Rs.10 each held as on the Record Date and that the Bonus Shares so issued and allotted be treated for all purposes as an increase in the nominal amount of the Equity Share Capital of the Company held by each such member and not as income and that the said Equity Shares be issued and allotted, inter-alia, on the following terms and conditions :

- a) The new Equity Shares of Rs.10 each to be issued and allotted as Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects and carry the same rights as the then existing Equity Shares of the Company and shall be entitled to participate in full in any dividend to be declared in respect of the company's financial year in which the bonus shares are allotted.
- b) No Letters of Allotment shall be issued for the Bonus Shares and the Share Certificates in respect thereof shall be delivered/ despatched within the statutory time limit or such extended period as may be approved by appropriate authorities from the date of their allotment. The new Equity Shares will be allotted in physical or dematerialised form depending upon the form in which the Equity Shares are held by members.
- c) If as a result of implementation of this resolution, any member becomes entitled to a fraction of new Equity Share, the Company

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shall not issue any certificate or coupon in respect of such fractional share but the total number of such new Equity Shares representing such fractions shall be allotted by the Board to a nominee to be selected by the Board who would hold these as Trustee for the members who would have been entitled to such fractions. Such nominee as soon as possible will sell the Equity Shares allotted to him at the prevailing market rate(s) and the net sale proceeds after adjusting the cost and expenses in regard thereto will be distributed among such members who are entitled to such fractions in the proportion of their respective holding(s) and allotment of fractions in respect thereof.

- d) Allotment of new Equity Shares as Bonus Shares and distribution of net sale proceeds in respect of fractions to the non-resident members shall be subject to requisite approval of the Reserve Bank of India.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may, in its sole and absolute discretion, deem necessary, expedient, usual or proper and to settle any question, doubt or difficulty that may arise with regard to the issue and allotment of Bonus Shares as aforesaid or any other matter incidental or consequential thereto."

By order of the Board

Mumbai
12th August, 2002.

KAVITA VALECHA SHARMA
Company Secretary

Registered Office :
"Valecha Chambers",
4th Floor, Plot No.B-6,
Andheri New Link Road,
Andheri (West), Mumbai - 400 053.

NOTES :

- A) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

The instrument of proxy should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

- B) The Register of Members and Share Transfer Books of the Company will remain closed from 17/9/2002 to 25/9/2002 both days inclusive.
- C) The explanatory statement as required under section 173(2) of the Companies Act, 1956, in relation to the Special Business of the meeting is annexed hereto.
- D) The Dividend on shares as may be declared at the meeting, will be payable on or before 24th October, 2002 to those shareholders whose names appear in the Register of Members as on 25th September, 2002. In respect of Shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose. The said dividend shall be subject to deduction of tax at source, wherever applicable.
- E) The Company has transferred the unclaimed/unpaid dividend upto and including the financial year ended March 31, 1995, to the General Revenue Account of the Central Government. The members who have not claimed their dividend for the said period are requested to claim it from the Registrar of Companies, Maharashtra.
- As per the provisions of Section 205A(5) & 205C of the Companies Act, 1956, as amended, the dividend and application money received by companies for allotment of any securities and due for refund which remains unclaimed/unpaid for seven years from the date they became due for payment shall be transferred by the Company to the 'Investor Education and Protection Fund' established by the Central Government and no claims shall lie against the said Fund or the Company in respect of such individual dividend amounts transferred to the said fund.
- F) In accordance with SEBI directives, Company's shares are being traded in compulsory demat form. Accordingly the Company has entered into the agreement(s) with National Securities Depository Limited (NSDL) & Central Depository Services (India) Ltd. (CDSL). The members may open beneficiary Account with the Depository Participants (DP). For more details, shareholders may contact the Company's Registrars & Share Transfer Agents, Nucleus Netsoft & GIS India Ltd., "Nucleus House", Sakivihar Road, Opp. L & T, Gate No.7, Andheri (East), Mumbai - 400 072.
- G) Members holding shares in physical form are requested to promptly notify any changes in their address and other mandates to the Company quoting their Folio No. in all correspondence. Members holding shares in electronic form may update such details with their respective Depository Participants.
- H) Any member requiring further information on Accounts at the meeting is requested to send queries in writing to the Company's Registered Office so as to reach on or before 17/9/2002.

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- I) The Company's Equity Shares are listed on BSE and OTC Exchange of India. Further, the Listing Fees in respect of shares of the Company have been paid to the aforesaid Stock Exchanges upto the financial year 2002-2003.
- J) All documents referred to in the above Notice and the accompanying Explanatory Statement are open for inspection at the Registered office of the Company on all working days Between 11.00 a.m. to 1.00 p.m.
- K) Details of Directors seeking appointment/re-appointment in the 25th Annual General Meeting fixed on 25th September, 2002 :-

1. **Name** : Mr. R. H. Valecha
Age : 63 years
Qualifications : B.A.
Expertise/Occupation : Over 41 years of experience in execution of civil construction work.
Other Directorship : Juhu Beach Real Estate Private Limited
2. **Name** : Mr. Anil Harish
Age : 48 years
Qualifications : Advocate
Expertise/Occupation : Director of the Company since 1993. He is associated with D. M. Harish & Co., which is associated with Palmer Cowen Solicitors, London in U.K.

Other Directorship :

Tolani Shipping Co. Ltd.	Director (Member-Audit Committee)
Hinduja TMT Ltd.	Director (Member-Audit Committee, Committee of Directors, Compensation Committee, Investor Grievances Committee)
K.C. Maritime (India) Ltd.	Director
Advani Hotels & Resorts (India) Ltd.	Director
Hotel Leelaventure Ltd.	Director (Member-Audit Committee, Investor Grievances Committee)
Tulip Hospitality Services Limited	Director
Tower Insurance & Reinsurance Services (India) Ltd.	Director
IndusInd Enterprises & Finance Ltd.	Director (Member-Audit Committee)
IndusInd Bank Ltd.	Director (Chairman-Audit Committee)
Prebon Yamane India Ltd.	Director
NR Jet Enterprises Ltd.	Director
Cinevista Communications Ltd.	Director
Mukta Arts Ltd.	Director (Member-Audit Committee)
Unitech Ltd.	Director
Arabian Consultants Pvt. Ltd.	Director
Indeusia Inter-trade Pvt. Ltd.	Director
Oasis Construction (Overseas) Pvt. Ltd.	Director
Geepee Shipping Agencies pvt. Ltd.	Director
G. Premjee Trading Pvt. Ltd.	Director
Sherbrook International Pvt. Ltd.	Director
Pune Software Park Pvt. Ltd.	Director
Quantum Advisors Pvt. Ltd.	Director
Helpyourngo.com India pvt. Ltd.	Director

Freight Connection India Pvt. Ltd.	Director
Ges India Pvt. Ltd.	Director
Orinoco Marine Consultancy India Pvt. Ltd.	Director
Eurasia Travel Services Pvt. Ltd.	Director
Advani Share Brokers Pvt. Ltd.	Director
Paramount Shipping & Management Pvt. Ltd.	Director
Bernhard Schulte Shipping (India) Pvt. Ltd.	Director
Eurasia Maritime Management (India) Pvt. Ltd.	Director
Legalpundits International Services Pvt. Ltd.	Director
Reza Progetti India Pvt. Ltd.	Director

Annexure to the Notice

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956.

Item No.6

The Companies Act, 1956 has been amended and new provisions dealing with issue of equity shares with disproportionate rights as to voting and dividend, passing of resolutions by postal ballot, inclusion of a Directors' Responsibility Statement, payment of dividend etc. have been introduced. With a view to suitably incorporate the amendments made to the Companies Act, 1956 and subject to your approval, new Articles are proposed to be added/amended to the existing Articles of Association of the Company as indicated in the resolution.

The copy of the Articles of Association of the Company together with the proposed alterations is available for inspection by the members of the Company at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day.

Pursuant to provisions of the Companies Act, 1956, a Company may by Special Resolution alter its Articles of Association. Accordingly, your Directors recommend the resolution as Special Resolution for your approval.

None of the Directors is in any way interested or concerned in the said resolution at this item.

Item No.7

With the continued support and trust of the shareholders Valecha Engineering Limited celebrates its Silver Jubilee and has come a long way in achieving the key objective of building assets for the people. With a view to rewarding the shareholders for their continued and consistent support even in the days of difficult market conditions and the faith shown by them in the Company, the Board of Directors at their meeting held on 12th August, 2002 recommended a Bonus issue of one share for every two shares held, subject to the approval of the members. Your Directors recommend the Resolution for approval of the members.

None of the Directors of the Company is concerned or interested in this resolution, except to the extent of their shareholding.

By order of the Board

Mumbai
12th August, 2002.

KAVITA VALECHA SHARMA
Company Secretary

Registered Office :
"Valecha Chambers", 4th Floor, Plot No.B-6,
Andheri New Link Road, Andheri (West), Mumbai - 400 053.

DIRECTORS' REPORT

To The Members,

The Directors present their Twenty Fifth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2002.

(RS. IN LACS)

1. Financial Results	2001-2002	2000-2001
Net Sales/Income From Operations	5111.61	2762.96
Other Income	358.21	<u>517.08</u>
	5469.82	3280.04
Less: Total Expenditure	4631.19	<u>2438.80</u>
Gross Profit Before Interest		
Depreciation And Taxes	838.63	841.24
Less: Interest	150.63	<u>59.54</u>
Profit Before Depreciation And Taxes	688.00	781.70
Less: Depreciation	125.40	<u>99.68</u>
Profit Before Taxes	562.60	682.02
Less: Provision For Taxes	125.40	148.42
Deferred Tax Liabilities	54.78	<u>0.00</u>
Profit After Taxes	382.42	533.60
Paid-Up Equity Share Capital	300.00	<u>300.00</u>
Reserves	1737.58	2052.35
(Excluding Revaluation Reserves)		
E.P.S. (Rs.)	12.75	17.79

2. Dividend :

The Directors recommend payment of dividend of Rs.1.50 per share (Previous Year Rs.2.50 per share) for the year ended 31st March, 2002 on fully paid Equity Shares, if approved by the members at the Twenty Fifth Annual General Meeting to be held on 25th September 2002.

3. Bonus Issue :

Valecha Engineering Ltd. celebrates its Silver Jubilee this year. With a view to reward its shareholders for their continued support and trust, the Board of Directors at their meeting held on 12th August, 2002 recommended a Bonus issue of one share for every two shares held, subject to the approval of the shareholders.

4. Operations :

During the year under review, the turnover has increased to

Rs.5111.61 lacs from Rs.2762.96 lacs in 2000-2001 representing an increase of 85%. The Profit Before Tax (PBT) has decreased by 17.50% from Rs.682.02 lacs in the previous year to Rs.562.60 lacs for the year 2001-2002. The Profit After Tax (PAT) is Rs.382.42 lacs for the year 2001-2002 as compared to PAT of Rs.533.60 Lacs for the previous year representing a decrease of 28.33%.

5. Fixed Deposits :

The Deposits as on 31st March 2002 are Rs.338 Lacs. There are no unclaimed deposits/interest payable, pending by the company.

6. Outlook And Review :

In the recent years the significance of infrastructure development is being properly considered. The Government has been providing various incentives to encourage investment in the infrastructure sector.

It is a pleasure to inform you that the Company has achieved 14% success ratio during the financial year, which is one of the best in the infrastructure construction industry.

The Company has bagged a prestigious SATARA-KOLHAPUR ROAD project amounting to Rs.85.50 Crores under MSRDC in Joint Venture with M. Venkata Rao.

In the year 2001 - 2002, the Company has quoted tenders worth Rs.928.50 Crores, out of which it succeeded to receive the work orders of Rs.130 Crores, which includes the projects of Satara-Kolhapur, 2 packages each for Uttar Pradesh and Punjab Governments and Piling works. In addition to this, the Company is lowest for one project in Uttar Pradesh and two projects in Punjab amounting to Rs.36 Crores and the work order is expected shortly.

As on today, the order book position is Rs.170 Crores which has to be executed within a span of next 2 years.

The Company has been prequalified for two Port Connectivity projects, for Rs.250 Crores with NHAI. The Company has also been prequalified for quoting the projects under Gujarat, Rajasthan Governments and Airport Authorities of India.

7. Directors :

In accordance with the provisions of Articles of Association of the Company and the Companies Act, 1956, Mr. Ramchand H. Valecha and Mr. Anil Harish retire by rotation and are eligible for re-appointment.

8. Auditors :

M/s. D. M. Jani & Co., the Auditors of the company will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. They have given their consent to be re-appointed for the current year. Members are requested to consider re-appointing them as Auditors and fix their remuneration.

9. Conservation Of Energy, Technology Absorption, And Foreign Exchange Earnings And Outgo :

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy :

At all the sites of the Company the consumption of power is regularly monitored and necessary measures are taken to regulate the consumption.

B. Technology absorption :

During the year under review, there is no expenditure on Technology Absorption and the expenditure on the research and development is nil.

C. Foreign Exchange Earnings & Outgo :

During the year under review the Company has not earned any income in foreign exchange and the outgo in foreign exchange amounts to Rs.231.68 Lacs.

10. Particulars Of Employees :

As required, pursuant to the provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, there is no employee drawing salary in excess of the limits prescribed by the said Act.

11. Corporate Governance :

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Reports on Management Discussion and Analysis and

on Corporate Governance alongwith a certificate of compliance from the Auditors are attached hereto and form part of this Report.

12. Directors' Responsibility Statement :

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm; that in the preparation of the annual accounts, the applicable accounting standards have been followed. Appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2002 and of the profit of the Company for that period. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and the annual accounts have been prepared on a going concern basis.

13. Acknowledgements :

Your Directors convey their grateful thanks to all the employees for their contribution and Shareholders, Customers and Bankers for their continued support.

For and on Behalf of the Board

V. P. VALECHA

Chairman

Place : Mumbai

Date : 28th June, 2002

ANNEXURE**REPORT ON CORPORATE GOVERNANCE****1) Company's Philosophy on code of Governance :-**

The Company firmly believes in and has consistently practiced good Corporate Governance ensuring greater transparency, independence, accountability, responsibility and fairness to its shareholders and other stakeholders. The Company will endeavour to improve on these aspects on ongoing basis.

2) Board of Directors :-

The Board of the Company consists of 8 Directors, of which 4 are Executive Directors and 4 are Non-Executive Directors and out of 8 Directors 4 are Independent Directors and 4 Non-Independent Directors.

During the year 2001-2002, the Board met Six times, with atleast one meeting in every quarter and with a gap of less than four months between two meetings on the following dates, namely, 30th May, 2001, 20th June, 2001, 31st July, 2001, 19th September, 2001, 31st October, 2001, and 31st January, 2002.

The following table gives details of directors, attendance of directors at the board meetings and the last annual general meeting, number of memberships held by directors in the board/committees of various other companies:

Name	Category	Attendance particulars		Number of other Directorship and Committee Membership/Chairmanship		
		Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. V. P. Valecha*	Non-executive & Non-independent	5	Yes	7	4	—
Mr. J. K. Valecha	Executive & Non-independent	6	Yes	1	—	—
Mr. R. H. Valecha	Executive & Non-independent	5	Yes	1	—	—
Mr. M. L. Valecha	Executive & Non-independent	5	No	1	—	—
Mr. S. N. Kavi	Executive & Independent	5	Yes	—	—	—
Mr. K. R. Thakur	Non-executive & Independent	6	Yes	5	1	1
Mr. Anil Harish	Non-executive & Independent	3	Yes	33	10	1
Mrs. Alka Bharucha	Non-executive & Independent	3	No	4	1	—

* Chairman of the meeting

3) Audit Committee :-**Composition :**

- | | | |
|-----------------------|---|----------|
| 1. Mr. K. R. Thakur | — | Chairman |
| 2. Mrs. Alka Bharucha | — | Member |
| 3. Mr. V. P. Valecha | — | Member |

The Audit Committee which was constituted on 20th June, 2001 met twice during the year 2001-2002 on 31st October, 2001 and 31st January, 2002 and the attendance of members at the meetings was as follows :

Name of Member	Status	No. of Meetings attended
Mr. K. R. Thakur	Chairman	2
Mrs. Alka Bharucha	Member	2
Mr. V. P. Valecha	Member	1